

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3338 – SB 3609

March 17, 2010

SUMMARY OF AMENDMENT (015034): Deletes language of the original bill. Requires county or municipal staff appraisers to review a counter offer from a property owner where land is subject to eminent domain within 60 days if an assessment paid for by the property owner indicates a value higher than that originally offered by the local government. Requires staff appraisers to submit a counter offer to a property owner within 30 days and to notify the property owner of their right to nonbinding arbitration. Requires county or municipal governments to enter into nonbinding arbitration when a property owner is not satisfied with compensation offered by local governments in exchange for property obtained through eminent domain.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Exceeds \$7,000,000

Increase Local Expenditures – Exceeds \$7,980,000*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Expenditures – Exceeds 468,000*

Assumptions applied to amendment:

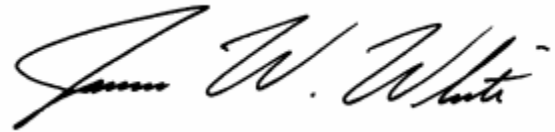
- The number of cases in which a property owner will challenge and prevail in court, the amount offered for condemned property thereby requiring local governments to pay for legal expenses and arbitration costs of the property owner is unknown. Estimate assumes 10 cases per year.

- According to the American Arbitration Association, the average cost to arbitrate one case is \$6,800. The average legal-related costs for property owners are estimated to be \$40,000 per case. Total cost to local government is estimated to be \$46,800 per case, resulting in an increase to local government expenditures that exceeds \$468,000 (\$46,800 x 10).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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